January 5, 1970
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A regular meeting of the City Council of the City of Charlotte, North Carolina, was held on Monday, January 5, 1970, in the Council Chamber, City Hall, at 3:00 o'clock p.m., with Mayor John H. Belk presiding, and Councilmen Fred D. Alexander, Sandy R. Jordan, Milton Short, John H. Thrower, Jerry Tuttle, James B. Whittington and Joe D. Withrow present.

ABSENT: None.

* * * * * * *

INVOCATION.
The invocation was given by Councilman Jerry Tuttle.

MINUTES APPROVED.

Upon motion of Councilman Whittington, seconded by Councilman Thrower, and unanimously carried, the Minutes of the Council Meetings on December 22, 1969 and December 29, 1969 were approved as submitted.

JOHN W. ZEIGLER, STREET FOREMAN OF CITY ENGINEERING DEPARTMENT, EMPLOYEE OF THE YEAR.

Mr. George Broadrick, President of the Chamber of Commerce, stated for a number of years the Chamber has, through its Local Government Employees of the Year Committee, sponsored an award to the City Employee of the Year.

The selection of the recipient of the award is made on the basis of nomination by fellow workers of the City of Charlotte. He stated considering the large number of nominations made this year, the honor of being selected City Employee of the Year is a coveted honor. The Committee, in making its selection from all the nominations, had a difficult choice to make; there are so many fine employees and so many names were submitted for consideration.

Mr. Broadrick stated the Committee has considered all the facts presented and chosen out of the many, the one outstanding City Employee for 1969. He stated this year's winner has been employed in the Engineering Department since 1950; in addition to his duties of supervising the maintenance of approximately half the city street systems, in past years he has been assigned supervisory responsibility for the installation of an asphalt plant for the addition and remodeling of the street and sewer maintenance. Other outstanding work he performed occurs during periods of heavy snowfall. On a 12-hour night shift he supervises the snow removal from streets; his efficiency and devotion to duty exemplifies the most desirable attributes of the public employees.

Mr. Broadrick stated in consideration of these qualities and his imaginative approach to the improvement of methods of work in his department, the Charlotte Chamber of Commerce presents a $50.00 check and names Mr. John W. Zeigler, Street Foreman, City Engineering Department, as City Employee of the Year for 1969.

Mr. Zeigler thanked the Chamber of Commerce for the award.

Mayor Belk congratulated Mr. Zeigler on being selected as the Employee of the Year and stated his name will be engraved on a plaque and placed with the former winners.
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HEARING ON WATER AND SEWER RATES.

Mayor Balk recognized Mr. Robert M. Pope, Partner of Weston & Sampson, Consulting Engineers, who have made a survey for the City on water and sewer rates.

Mr. Pope stated in March of 1968 they were authorized to proceed with a rate study for water and sewer rates for the City of Charlotte; this report was completed in December of 1968 and briefly reviewed with the Council at that time. He stated the City of Charlotte had a previous rate study in 1960 and has been using a schedule established at that time to this date. Since that time the expenditures of both the water and sewer systems have increased and although the metered water sales has also increased, the unit cost of supplying water and collecting and treating sewage have not remained constant but have increased each year. This has resulted in a continued decrease in the amount of capital available from current revenues for normal improvements to the system. It has forced the city to depend increasingly on borrowed money for these annual capital improvements. For this reason a practice started in 1960 for a review of rates on a five year basis was undertaken. The increase in unit cost of water and sewage services is normal and expected and experienced by every other community in the country. To insure a balance of expenditures and revenues for the five year life of the rate recommendation of this report, it is necessary to consider the average budget year for this period - 1968-73; that 1970-71 was therefore used as a base year for the rate study. The revenues required to enable the water and sewerage system to be self-supporting in the mid-point rate base year are $4,766,500 and $4,381,600, respectively, or a total of $9,148,100. For comparison the estimated 1968-69 revenues from water and sewer systems under the present rate schedule totaled $5,660,407.

Mr. Pope stated in order to provide revenues equal to expenditures for both the water and sewer systems, it is necessary to raise the rates in each block on the existing schedule for some modification of the schedule of the water rates inside and outside the city. The proposed and existing in-city rates for this change are as follows:

<table>
<thead>
<tr>
<th>CONSUMPTION</th>
<th>EXISTING WATER RATE</th>
<th>PROPOSED WATER RATE</th>
</tr>
</thead>
<tbody>
<tr>
<td>First 3,300 cu. ft.</td>
<td>$0.30</td>
<td>$0.44</td>
</tr>
<tr>
<td>Next 6,700 cu. ft.</td>
<td>0.26</td>
<td>0.36</td>
</tr>
<tr>
<td>Next 10,000 cu. ft.</td>
<td>0.20</td>
<td>0.30</td>
</tr>
<tr>
<td>Next 30,000 cu. ft.</td>
<td>0.15</td>
<td>0.22</td>
</tr>
<tr>
<td>Next 50,000 cu. ft.</td>
<td>0.12</td>
<td>0.18</td>
</tr>
<tr>
<td>All over 100,000 cu. ft.</td>
<td>0.095</td>
<td>0.14</td>
</tr>
</tbody>
</table>

He stated the surcharge for outside users of 100 percent that now exist is recommended to be continued. The present minimum monthly charge based on meter size should be continued; this is the practice for usage below the minimum block and it varies with the size of the meter; this practice is equitable and they think it should be continued. The revenue from hydrant rentals should be increased by raising the outside-city annual rate from $26.67 per hydrant to $50 per hydrant and establish a $50 rate for in-city hydrants. In addition, it is recommended that a schedule of charges for private fire line connections be established; these are connections for sprinkler systems which impose a demand on the system; the recommendation is as follows:

<table>
<thead>
<tr>
<th>SIZE OF FIRE LINE</th>
<th>ANNUAL CHARGE</th>
</tr>
</thead>
<tbody>
<tr>
<td>3 inches or less</td>
<td>$50</td>
</tr>
<tr>
<td>4 inches</td>
<td>75</td>
</tr>
<tr>
<td>6 inches</td>
<td>100</td>
</tr>
<tr>
<td>8 inches</td>
<td>200</td>
</tr>
</tbody>
</table>
January 5, 1970
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Mr. Pope stated these proposed rates are predicated upon existing policies of the City insofar as the extension and service connections and the assumption that any contracts entered into between the City and any large water users would not allow the sale of water below the rates listed above. In balancing the expenditures anticipated against the required revenue to remain solvent, the assumption is made that all the extension policies and contract policies would be followed. (The Westinghouse Agreement should be renegotiated on this basis since the unit cost established at the moment are below the cost of producing and furnishing the water based on the anticipated present cost of the Department.)

Mr. Pope stated they recommend the sewer service charge be increased; it is now 100 percent of the water rate and they recommend it be 110 percent of the new recommended rates.

He stated the existing method of establishing annually an operating charge together with a fixed charge for industrial wastes should be continued; this is in connection with the sewerage where industrial waste flows are assessed each year and depending on the cost and the polluting value of the waste, rates are established.

Mr. Pope stated these conclusions are the summary conclusions of the report and they are based on establishing from the trend of cost in the past and the 5-year capital improvement program and the annual budgets available at the time of making this report, establishing the operating cost, the debt service cost and all cost involved in providing these services; taking these costs and allocating them to the various size consumer group on the basis of an analysis of the billing records of the city for water and sewer services. This means going through the bills for representative periods of time and breaking these down into size of customers and number of customers and percent of consumption and allocating the costs on the basis of these or arriving at a cost for each size block and then apportioning the revenue requirements to this billing analysis to come up with an equitable schedule of rates. He stated there were five blocks in the original schedule and they feel this is a convenient number of blocks - more are difficult to handle; some communities use two or three blocks but a city the size of Charlotte needs the number Charlotte now has, and particularly with the amount of industry it has.

Councilman Whittington requested Mr. J. B. Fennell, Director of Finance, to read into the record the report sent to the City Manager on December 29, 1969.

Mr. Fennell read the following report:

"Steadily rising operating costs occasioned by inflationary trends and capital financing requirements make it necessary to change the existing rate structure. If the city’s water and sewerage utility systems are to continue on a self-sustaining basis.

The general effect of spiraling inflation since the establishment of the present rate schedule in 1961 is well-known. It is unrealistic to expect the cost of water and sewer services to remain constant in these inflationary times. The present rates for water and sewerage services have been maintained by increased borrowing to finance capital improvements and by interest earnings from investments.

Based on the need evidenced by financial reports, the consulting firm of Weston and Sampson was engaged to conduct a study and reassessment of the city’s rate schedules. Their findings presented in a report, dated December, 1968, were that the existing rate schedule is clearly inadequate, and with rising inflation would become increasingly insufficient. We have reviewed the Weston and Sampson report and concur basically with their findings and recommendations."
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Statement #1 (attached in Minute Book) shows comparative figures abstracted from financial reports which confirm the effect of cost trends and the need for a sound rate structure that provides reasonable revenue stability. It will be observed that revenues generated from water sales and sewer charges have not been sufficient to cover operating costs and capital improvements financing beginning with the fiscal year 1966-67.

For the fiscal year 1966-67, an operating loss of $274,000 was totally offset by interest earnings on investments of $279,000.

For the fiscal year 1967-68, an operating loss of $523,000 was covered by interest earnings of $372,000 and by limiting expenditures on needed capital projects.

For the fiscal year 1968-69, an operating loss of $454,000 was covered by interest earnings of $358,000 and by reducing expenditures for needed capital projects. This deficit would have been larger except for delaying borrowing to finance urgently needed capital improvements. This necessary delay jeopardized federal grants in the amount of about $500,000.

The budget for the current year projects that budgeted expenditures will exceed revenues from water sales and sewer charges based on current rates in an amount of $1.1 million. It is anticipated that even with interest earning and the deferment of urgently needed capital improvements, a net deficit will result in the amount of about $570,000 unless rates are increased.

The Engineering News-Record edition, dated December 18, 1969, states that the "worst cost inflation for water utility construction in the nation has come in the South Atlantic region." The Handy-Whitman index shows that in the 12 months span ending July, 1968, costs were up about 11 percent. According to nationwide indexes compiled by Whitman, Regardt, and Associates costs are climbing by 7 percent to 10 percent and more per year. The increase in costs were attributed to a four-way pressure on contractors basic costs:manpower, materials, machinery and money costs.

To give some sort of perspective to the current and proposed rates for Charlotte, the average water rate per 100 cubic feet is compared with that prevailing in the following major cities in North Carolina as of December 22, 1969:

<table>
<thead>
<tr>
<th>CITY</th>
<th>RATE FIRST 3300</th>
<th>LOWEST RATE PER 100 CUBIC FEET</th>
</tr>
</thead>
<tbody>
<tr>
<td>Durham</td>
<td>$.43</td>
<td>$.13</td>
</tr>
<tr>
<td>Greensboro</td>
<td>.41</td>
<td>.14</td>
</tr>
<tr>
<td>High Point</td>
<td>.36</td>
<td>.13</td>
</tr>
<tr>
<td>Raleigh</td>
<td>.35</td>
<td>.16</td>
</tr>
<tr>
<td>Winston-Salem</td>
<td>.33</td>
<td>.12</td>
</tr>
<tr>
<td>Charlotte-current</td>
<td>.30</td>
<td>.095</td>
</tr>
<tr>
<td>Charlotte-proposed</td>
<td>.42</td>
<td>.16</td>
</tr>
</tbody>
</table>

It will be observed that water rates in Charlotte are substantially below those of these representative cities. Raleigh's lowest water rate is already 68 percent above Charlotte's current rate. Similarly, Durham's lowest rate is 37 percent greater, Greensboro's 47 percent greater, High Point's 37 percent greater, and Winston-Salem's 26 percent greater. The director of public utilities of most of these cities have informally indicated the necessity for additional rate increases if the water and sewer utility systems are to be self-supporting. It should also be kept in mind when making these comparisons that most of the cities impose some form of assessment to pay for the cost of water service lines in addition to the usage rate.
### WATER-SEWER FUND

#### REVENUES AND EXPENDITURES

**FISCAL YEARS 1965-66 THRU 1969-70**

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Water Usage</strong></td>
<td>27.2MGC</td>
<td>28.3MGC</td>
<td>29.5MGC</td>
<td>32.6MGC</td>
<td>34.4MGC</td>
</tr>
<tr>
<td><strong>Revenues:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Water Sales and Sewer Charges</td>
<td>$5,242,088</td>
<td>$5,304,373</td>
<td>$5,474,239</td>
<td>$5,950,905</td>
<td>$6,247,575</td>
</tr>
<tr>
<td><strong>Expenditures:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Operating Expense</td>
<td>$2,200,965</td>
<td>$2,471,589</td>
<td>$2,765,750</td>
<td>$3,397,582</td>
<td>$4,102,040</td>
</tr>
<tr>
<td>Capital Improvements</td>
<td>493,626</td>
<td>281,945</td>
<td>473,902</td>
<td>315,000*</td>
<td>-0-</td>
</tr>
<tr>
<td>Debt Service</td>
<td>2,468,768</td>
<td>2,825,312</td>
<td>2,760,428</td>
<td>2,693,247*</td>
<td>3,251,497</td>
</tr>
<tr>
<td><strong>Total Expenditures</strong></td>
<td>$5,163,359</td>
<td>$5,578,876</td>
<td>$6,000,080</td>
<td>$6,405,829</td>
<td>$7,353,462</td>
</tr>
<tr>
<td><strong>Operating Income (Loss)</strong></td>
<td>$78,729</td>
<td>($274,501)</td>
<td>($525,841)</td>
<td>($454,924)</td>
<td>($1,105,887)</td>
</tr>
<tr>
<td><strong>Non-Operating Income:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Interest on Investments</td>
<td>$199,981</td>
<td>$279,974</td>
<td>$372,780</td>
<td>$358,780</td>
<td>$275,400</td>
</tr>
<tr>
<td>Miscellaneous Income</td>
<td>88,384</td>
<td>48,443</td>
<td>14,436</td>
<td>39,275</td>
<td>59,260</td>
</tr>
<tr>
<td><strong>Total Non-Operating Income</strong></td>
<td>$288,365</td>
<td>$328,417</td>
<td>$387,216</td>
<td>$398,055</td>
<td>$334,240</td>
</tr>
<tr>
<td><strong>Net Income (Loss)</strong></td>
<td>$367,094</td>
<td>$53,914</td>
<td>($138,625)</td>
<td>($56,869)</td>
<td>($771,627)**</td>
</tr>
</tbody>
</table>

**Note:**
* Includes $300,000 for current revenue financing transferred from budgeted projects.
** Based on current rates, excluding proposed rate changes
CITY OF CHARLOTTE, NORTH CAROLINA
WATER AND SEWER FUND
COMPARATIVE STATEMENT OF REVENUE AND EXPENDITURES
FOR THE FIVE MONTHS ENDING NOVEMBER 30, 1969

<table>
<thead>
<tr>
<th>Revenue Sources</th>
<th>Estimated</th>
<th>Current Month</th>
<th>Year To Date</th>
<th>Unrealized Balance</th>
<th>Percent Collected</th>
<th>Current Year Receipts</th>
</tr>
</thead>
<tbody>
<tr>
<td>Water Revenue</td>
<td>$3,720,145.00</td>
<td>$209,960.95</td>
<td>$1,330,435.91</td>
<td>$2,389,709.09</td>
<td>35.76</td>
<td>$260,185.87</td>
</tr>
<tr>
<td>Sewer Revenues</td>
<td>3,264,057.00</td>
<td>184,992.62</td>
<td>1,151,329.17</td>
<td>2,112,727.83</td>
<td>35.27</td>
<td>226,268.10</td>
</tr>
<tr>
<td>Other Revenues</td>
<td>184,260.00</td>
<td>8,411.75</td>
<td>38,640.60</td>
<td>145,619.60</td>
<td>26.97</td>
<td>3,081.57</td>
</tr>
<tr>
<td>Total</td>
<td>$7,168,462.00</td>
<td>$403,365.32</td>
<td>$2,520,405.68</td>
<td>$4,648,056.32</td>
<td>33.15</td>
<td>$489,535.54</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Purpose</th>
<th>Appropriation</th>
<th>Current Month</th>
<th>Year To Date</th>
<th>Unexpended Balance</th>
<th>Percent Expended</th>
<th>Current Year Expenditures</th>
</tr>
</thead>
<tbody>
<tr>
<td>Administrative</td>
<td>$ 596,160.00</td>
<td>$ 39,759.15</td>
<td>$ 222,234.90</td>
<td>$ 373,925.10</td>
<td>37.27</td>
<td>$ 34,130.17</td>
</tr>
<tr>
<td>Water Supply and Treatment</td>
<td>595,837.00</td>
<td>42,856.70</td>
<td>207,197.10</td>
<td>392,979.90</td>
<td>34.00</td>
<td>42,419.58</td>
</tr>
<tr>
<td>Water Distribution</td>
<td>1,002,272.00</td>
<td>77,036.24</td>
<td>398,069.07</td>
<td>603,302.93</td>
<td>39.00</td>
<td>99,315.84</td>
</tr>
<tr>
<td>Sewer System and Treatment</td>
<td>1,243,118.00</td>
<td>97,358.05</td>
<td>465,249.87</td>
<td>757,608.13</td>
<td>39.03</td>
<td>( 521,390)</td>
</tr>
<tr>
<td>Industrial Waste Control</td>
<td>34,278.00</td>
<td>2,436.47</td>
<td>13,751.52</td>
<td>20,926.48</td>
<td>39.65</td>
<td>2,693.15</td>
</tr>
<tr>
<td>Non-Departmental</td>
<td>493,302.33</td>
<td>16,352.48</td>
<td>169,714.76</td>
<td>321,507.57</td>
<td>34.54</td>
<td>32,464.28</td>
</tr>
<tr>
<td>Debt Service - Water &amp; Sewer</td>
<td>3,251,422.00</td>
<td>87,877.77</td>
<td>372,804.61</td>
<td>2,878,617.39</td>
<td>11.46</td>
<td>92,145.80</td>
</tr>
<tr>
<td>Total</td>
<td>$7,214,789.33</td>
<td>$363,296.86</td>
<td>$1,865,621.83</td>
<td>$5,349,167.50</td>
<td>25.85</td>
<td>$302,647.55</td>
</tr>
</tbody>
</table>

LAST YEAR RECEIPTS:

<table>
<thead>
<tr>
<th>Revenue Sources</th>
<th>Current Month</th>
<th>Year To Date</th>
<th>Unrealized Balance</th>
<th>Percent Collected</th>
<th>Current Year Receipts</th>
</tr>
</thead>
<tbody>
<tr>
<td>Water Revenue</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sewer Revenues</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other Revenues</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

LAST YEAR EXPENDITures:

<table>
<thead>
<tr>
<th>Purpose</th>
<th>Current Month</th>
<th>Year To Date</th>
<th>Unexpended Balance</th>
<th>Percent Expended</th>
<th>Current Year Expenditures</th>
</tr>
</thead>
<tbody>
<tr>
<td>Administrative</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>$ 518,039.85</td>
</tr>
<tr>
<td>Water Supply and Treatment</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>101,783.30</td>
</tr>
<tr>
<td>Water Distribution</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>417,404.71</td>
</tr>
<tr>
<td>Sewer System and Treatment</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>12,817.69</td>
</tr>
<tr>
<td>Industrial Waste Control</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>168,044.63</td>
</tr>
<tr>
<td>Non-Departmental</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>533,771.05</td>
</tr>
<tr>
<td>Debt Service - Water &amp; Sewer</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>$3,893,267.43</td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>$3,893,267.43</td>
</tr>
</tbody>
</table>
January 5, 1970
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WATER AND SEWER FUND REVENUES AND EXPENDITURES FOR THE FIRST HALF OF THE CURRENT FISCAL YEAR.

Also attached is a comparative statement of revenues and expenditures for the Water and Sewer Fund for the first five months of the fiscal year 1969-70. (Statement #2 attached in Minute Book.)

It will be observed from this statement that revenues from water and sewer operations continue to lag behind budget estimates for the fiscal year 1969-70. Thirty-five percent of budgeted revenues have been collected during the first five month period. This compares with the fact that over 41 percent of the fiscal year has expired. This means an average lag in revenues of about $80,000 monthly.

At this rate it appears that actual water and sewer revenues for the fiscal year, based on present rates, will be under budget estimates by about $1,000,000.

It is anticipated that savings in debt service costs, made possible by delays in starting needed capital projects, together with interest earnings will likely enable a reduction of the net deficit for the year to about $570,000.

In looking at the expenditure figures, it should be kept in mind that these are subject to seasonable variations. For example, most of debt service costs and capital outlay expenditures will occur during the latter half of the fiscal year."

Councilman Tuttle asked that either Mr. Pope or Mr. Fennell give the sewer charge in Durham, High Point and Raleigh; that he does not take exception to Mr. Fennell's figures very often but he does not see how we can compare water rates unless we also compare sewer rates; that he has Greensboro and Winston Salem, but unless we can relate the rates to the sewer charge, we are not relating anything. He stated he knows 100 percent is charged by Winston Salem and 100 percent by Charlotte and 75 percent by Greensboro but he does not know what Durham, High Point or Raleigh is doing. Mr. Pope stated Durham is 110 percent of the water bill, plus a frontage assessment. Mr. Bobo, Administrative Assistant, stated these towns have a different policy as far as pay-back is concerned; also, Winston Salem does not refund any money to the developers and with these differences in policies it would be hard to compare. Mr. Fennell stated there is a distinction between the water and sewer problems and it is true we are operating as a combined utility but on the other hand, the costs have to be approached from a separate standpoint; that Mr. Bobo has presented the major difference, and if you have some form of assessment to pay for sewer extensions, then the pressure would not be on the water rates.

Mr. Pope stated in connection with this same question which was raised, a table was furnished last March and it listed the cities, population, the average cost of water per thousand gallons, and the source of sewer revenue for five cities, plus Charlotte.

<table>
<thead>
<tr>
<th>CITIES</th>
<th>POPULATION</th>
<th>WATER RATE IN CENTS PER THOUSAND GALLONS</th>
<th>SOURCE OF SEWER REVENUE PROPOSED</th>
</tr>
</thead>
<tbody>
<tr>
<td>Charlotte------</td>
<td>260,000</td>
<td>$0.28</td>
<td>110% of water bill</td>
</tr>
<tr>
<td>Greensboro-----</td>
<td>119,574</td>
<td>0.29</td>
<td>75% of water bill, plus frontage assessment.</td>
</tr>
<tr>
<td>Winston-Salem</td>
<td>111,135</td>
<td>0.23</td>
<td>frontage assessment &amp; sewer service charge.</td>
</tr>
<tr>
<td>Durham---------</td>
<td>78,302</td>
<td>0.28</td>
<td>frontage assessment &amp; sewer service charge.</td>
</tr>
<tr>
<td>Atlanta--------</td>
<td>487,000</td>
<td>0.29</td>
<td>100% of water bill</td>
</tr>
<tr>
<td>Macon, Ga.-----</td>
<td>69,764</td>
<td>0.38</td>
<td>frontage assessment &amp; sewer service charge.</td>
</tr>
</tbody>
</table>
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Councilman Short requested Mr. Pope or Mr. Fenney to discuss the $813,249 on
Page 49 of the Weston & Sampson report as compared with the data given on
Page 42 of the Financial Report presented today by Mr. Fenney.

Mr. Pope replied their report was based on the anticipated expenditures for
1966-69; a portion of the $813,249 was capital improvement based on the
five year capital improvement program; that Mr. Fenney tells him those
improvements were deferred because the rate schedule had not been changed;
this accounted for some $100,000 plus and apparently the billing procedure
that was still improving in the data processing system accounts for some of
the difference, and the financial report is after the year has been lived
through and their report was a projection.

Mr. Bill Allan, Trotter & Allan Construction Company, urged Council to
eliminate the credibility gap of telling the public you have a non-profit
water and sewer system when in fact you are paying for capital improvement out
of the revenue. He stated he thinks the capital improvement projects should
be paid from bond proceeds or if Council decides it should be paid for by the
water users of the present system that is fine, but have it cleared up.
Somewhere between the Council, the press and himself the impression has been
left that water and sewer funds are just not making it; it is all they can
do to operate with what revenue there is. He stated he knows this is not the
case.

He stated under the new policies due to come into effect in April of this
year, he does not think there will be a need for any money for capital
improvement because the builder is going to be paying for it, under the policy
where there will be no refunds on any water and sewer lines - no water lines
under six inches and no sewer lines under 8 inches; that will take care of
90% of the expansion. Starting in April, the builders will have to turn the
lines over to the city and guarantee 24% in annual revenue and then not get
their money back.

He asked that Council give them the straight facts and detailed accounting
on the capital improvement expenditures with prompt refunds in money that
comes to the builders under contract. That the water and sewer lines are
something the whole city needs and they do not feel that any one group
should be forced to put them in. Mr. Allan stated he would like the city to
go back to the old system of the late 40s and early 50s where on sanitary
sewer the city would pay a flat $200.00 per dwelling unit as their portion of
the cost of the sewer; instead of going through all these months of tortuous
accounting; to take a pre-determined average of what the revenue will be and
say the city will contribute that part as their share. That was a much better
system because if you put up $10,000 for a line and your revenue came to only
$1999, you did not get anything back; this way you got a portion of amount
back on the amount of units you built; it was a much better system all the
way around.

Mr. B. M. Huffman, 4030 Strangford Drive, stated it appears to him the
Westinghouse Corporation is now getting its water at less than 1/3 of what
his cubic footage now costs him. He stated as a poor man and a disabled man
on very limited income, he finds it increasingly difficult from day to day,
to meet his daily expenses; that he is sure the Westinghouse Corporation can
easily bear their brunt of the burden for their water and the pipe extending out to their plant much easier than he can. In terms of the gallons they use
a day he would say it would take some 12-16 families in the city to use the
same amount of water per day. He stated there are some 70 chemical and dye
stuff manufacturing corporations polluting the streams of water into the
Catawba River.

Mr. Huffman suggested the following solution to end this and to put the water
and sewer on a business-like basis from now on. He stated we do need an
increase in the water rates, but it should not exceed the national rise in
wages and the cost of living since 1966; that average has gone up 7.2%; that
these companies are brought into Charlotte with an agreement that they will receive their respective water and sewer rates at a very nominal price; if we would take these 70-odd chemical and dye plants plus Westinghouse and put every gallon of water on an equal basis to everyone on a per value per gallon and say let 'v' equal the number of cents per gallon, let the dye and chemical corporation and Westinghouse pay not an equal amount but charge them twice the amount that you charge an individual. The companies could pay the nominal amount of the average citizen in his income tax, in his amortization schedule he could show an additional cost to the running and manufacturing of his business; in turn he could report the greater amount of manufacturing expenses and by the same token his net income would be the amount left after he has paid the extra 100%. He stated at present we can get a 30% federal aid to clean up our streams; we could take the excess over and above the per value, set it into a continuing fund and add it to the present indebtedness and it will bring the present water and sewer funds up for the time being and for years to come; it will also supply us as much as 65-70 percent and put us within striking distance to match federal funds to clean up our streams. The citizen will not be hurt and the manufacturer will not be hurt because he writes it off as a legitimate tax deduction as it is a part of his expenses, and in his amortization; then he turns over to the City of Charlotte the excess amount with this excess amount to be held in escrow from the beginning of one year to the beginning of the next to be used with federal funds.

He stated he is talking about people living on social security, black and white, young and old, particularly the old people who are fast bound and caught in the squeeze from every point; every day their margin is getting more narrow and they have less and less to live on.

Mr. David Henderson, Attorney, stated he represents Stein-Hall Company, who asked him to look into this matter of the Weston & Sampson Report. The further he got into the report the more interested he became; that he spent hours in attempting to reconcile the Weston report with the audit prepared by the certified public accountant for the city which has just come out for the year 1968-69, and which is the actual happening. He stated there is a substantial difference between the figures on which the recommendations were made when the report was furnished Council, and the actual figures in the audit report. That the magic figure is $813,249 which did appear in the Weston & Sampson Report. In trying to find out where this figure came from you have to put a couple of figures together; it was actually taken from the budget for 1968-69 and was based on foresight and informed guess work as of that time. He stated it turned out it was pretty bad guess work and it did not come anywhere near what the figures actually showed when 1968-69 came along. Mr. Henderson stated when it comes time to make a decision it seems it is encumbered upon all to look at the figures currently available rather than estimates two years ago.

Has stated Mr. Fennell's report for the fiscal year 1968-69 shows an operating loss of $644,000 covered by interest earnings; that he cannot find the $634,000. He stated in the interest of all the people in Charlotte, Council should seriously reconsider the basic premise apparently on which water-sewer operation is conducted for the past ten years - on a so-called pay-as-you-go basis. That he was alarmed to find there does not seem to be any real definite way that water-sewer operations are financed, particularly capital outlay. When you read the financial report you find that the money to operate water-sewer comes from a lot of different places; most of it comes from the user. That in the city audit there is a figure of $87,000 which is capital outlay within the department; he supposes this means they buy the rug, automobiles from this. Mr. Henderson stated the first thing you have to find out if we are making any money before you decide what is to be spent for capital outlay. That he doubts if anyone has had the time to go through the audit and understands it; that we have never come up with a B & L statement that the businessman would understand which shows how much money is taken in and how much it costs to run it and the profit. When you do this, then you can decide what to do with the money that is left.
Mr. Henderson stated when you run your figures from the city audit you have a net profit of $2,824,240.28 after expenses; in addition, you add $87,000 of capital expenditures which he found in line items in the audit; this is money spent for things that in a business man's language are depreciable items; they are not expense items, and then you have a true net profit of almost $3.0 million in the water-sewer department from operating funds that come in. He stated the profit shown in the Weston & Sampson report first was $460,000 off in anticipated revenues for the year; they over-estimated expenses and you come up with a discrepancy of $813,249.00 which is the loss projected on the figures available when the Weston & Sampson report was made up. He stated if he has figured correctly, based on the figures taken from the city audit, there was a net profit of $2,911,885 before paying anything for debt service. That debt service is a fair thing to pay out of current user income; last year paid in interest and principal was $2,545,495.00 which includes the principal repaid for the bonds presently outstanding; that left $366,390.00 of profit even after you paid off the debts.

Mr. Henderson stated before saying we have to have $1.5 million of additional revenue, to look and see what we have already and then decide about where the additional improvements, extensions and additions should come from and by whom they should be paid.

Mr. Henderson stated with all the current figures available, it seems we should sit down seriously and see what we have and what we need, considering the same time whether or not the users should be the ones to pay for this. He stated there is a lot of pain being raised about selling water to people in industry at 9.5 cents and selling to the county at 6.5 cents; people in Charlotte just do not understand that; that people in town do not want to pay a double water rate to furnish water to the county, who in turn, sells it. He stated it is real difficult to come and present anything because they do not know what increase the city has in mind; they do not know what the real recommendations are. They would like to be able to sit down with whoever is going to make this decision and to furnish such information and recommendation as the water users themselves may have. That he does, not think we can say the big water or little water users feel that any kind of increase is indicated; that they feel what we are looking towards here is capital outlay for extensions and to the extent that you are looking at capital outlay for extensions, they feel it should be paid as a general expense rather than an expense of the water user.

Councilman Whittington asked Mr. Fennell if he would like to comment on anything Mr. Henderson has said as far as the audit is concerned? Mr. Fennell stated these figures have been audited by an independent certified public accountant; the figures they have used were abstracted from the audit; that you can get into lengthy discussions as to whether debt service is an operating expense; but you would be hard pressed to find an accountant that would say that depreciation or principal repayment would not be an appropriate criteria in arriving at net income. The bond holders would take a very dim view of the city failing to pay the debt service when they are due. He stated the State Statutes prescribe that the city keep a separate debt service fund and an operating fund; there is no discretion on the city's part on this. He stated the difference between the debt service figure he shows in the financial statement and the contributions made by the water and sewer represents the additional interest earnings made in the debt service fund - in other words, the $147,000 difference. We did not impose on the earnings of the water and sewer funds for money already available in the debt service fund; they merely decreased the amount. The actual debt service payment paid during this year was $2,650,247; this can be put together very easily by referring to the debt service fund and the water and sewer fund. That is, accountants would agree that depreciation assets is not a legitimate operating expense that would be paid if the city spent the net cost of operations; a person that ignores the decline in value of the capital facility will soon find himself insolvent. Mr. Henderson stated the public feels that this is their money, not the city's, and to this extent
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depreciation is not a proper item if you are seeking to determine whether or not there is a profit and loss. He stated his point is that the recommendation for an increase has been based on a current loss of over $800,000 and according to his figures, you made $366,000. The other figure which is talked about is $730,000 which is added on and projected as additional money for further extensions and those two figures are the ones given to the public and constitute a little more than $1.0 million on which somebody has recommended an increase in rate. They do not think those figures are the proper figures to make a recommendation on.

Mr. Lloyd Baucom, Attorney with the firm of Haynes and Baucom, stated he is present on behalf of Southeastern Poultry Company, one of the large users of water. That his client stands ready to pay its fair share of the cost of providing water like any other citizen should pay their share; that his comments will be generally in light of whether or not the rate increase is needed as a generality in this community. He also supports the proposition that the water and sewer operation should be a self-supporting and financially independent as has been the history of this operation since it was a separate independent corporation in Charlotte.

Mr. Baucom stated the City of Charlotte has a solemn duty to hold to the line at this time on water rates and he submits the line can be held from proper analysis. He stated he has had the benefit of Weston & Sampson study, the George G. Scott audit for 1968-69 and the budget estimate as obtained from the City for 1969-70.

On the point of the strong duty to hold present rates, we recently passed a bond referendum on this subject in which there was a clear and unequivocal representation that 11.8 million dollars of water and sewer bonds would be completely paid for from the sale of new services; in light of this and the other representations made in this bond package, people of Charlotte approved it. He stated almost 98% or about 71,000-73,000 water customers in Charlotte are of the domestic type; these people are ready to pay the high cost of government in Charlotte; they passed a bond referendum recently and they passed the sales tax about two years ago; we have high cost of government in Charlotte; we have appraisals on our real estate and we have a high tax rate and we have a high assessment rate of 60% and we have the sales tax. That the people are willing to pay these but as they look to more expenses, they want these expenses to be the result of deep and detailed studies. He stated the figure of 46.7% is used as the proposed increase for domestic users in the Weston & Sampson Study. Take a home with a typical monthly bill of $5.00 with an assessed valuation of his home at $10,000; he is presently paying a city tax of $154.00, a water-sewer cost of $72.00, and add to this the total Weston & Sampson increase of 46.7% and you increase his annual cost of government by $34.00, making it $260.00; this is equivalent in terms of a property tax increase of .34 cents per $100 valuation. If you had a property tax of $1.88 per $100, the annual property tax would be $188.00 and the water rate is left alone, it would be $72.00 and it would give the same amount of $260.00 for city government.

Mr. Baucom stated he knows that this City Council, along with the County Commissioners, would think long and hard before adopting a budget calling for a .34 cent increase in the tax rate for the citizens of this city; yet this is the magnitude of the proposition now before this Council. He stated there is some strong question in his mind as to whether or not there might be a statutory violation involved insofar as any increase being used to make capital improvements; also, our national administration is seeking to hold the line on inflation yet we are considering a 40-50 percent increase in the cost of living.

Mr. Baucom stated for 1969-70 there is very little likelihood of a deficit; under normal growth, and Mr. Fennell's figures do not bear this out, we should have an increase water-sewer revenue of $262,000 in 1969-70; the estimated budget for 1969-70 shows an unencumbered balance, as of July 1, of $185,000, yet the audit shows an unencumbered balance June 30, 1969 of $416,000 and this would become the opening unencumbered balance the next day and this constitutes an additional $231,000. Here is money from which we can pay the deficit that supposedly exists.
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He stated regarding expenses you can compare the Weston and Sampson projected expenses, the budget estimate given to the public by staff and the actual audit figures from George G. Scott and Company and come up with three variations. Past one of the variations - the budget estimate for 1968-69 showed $300,000 reserved for contractual reimbursements; that the audit does not show any of this sum of money actually disbursed. He stated based on the calculations given to Council in detail and exclusive of the unencumbered balance and including from 1969-70 the $200,000 reserved from contractual indebtedness, he shows a profit of $235,000 plus the unencumbered balance of $416,000 for a total monies available of $652,000.

Mr. Baucom stated the estimated expenses the Council has totals some $7,353,000 and the ones he used showed estimated expenses of $900,000 less than this. The explanation of this $900,000 are (1) the departmental increases accounts for about 1/2 million dollars; in addition, the 1969-70 debt service increased from the same line items in 1968-69 by $705,000. Presumably here is the capital improvement from current revenue that has been provided for and alluded in the Weston and Sampson Report. That he does not believe it could be any obligation to sell the bonds which were authorized less than 30 days ago so it must be a commitment on the capital improvement. That if this is correct, this is legally and morally wrong; the present water customers should not have to pay for improvements to someone else without the opportunity of approving it in a bond referendum made clear that was the purpose of it.

He stated there has been no effort to effect economies in the water and sewer operation; five account numbers show an increase of $163,000 for the two fiscal years in question - the past one and the current fiscal year. Yet in the budget estimate all these accounts are described as "No program changes were recommended or adopted." In addition, in a separate account there is an increase of 1/3 from $305,000 to $420,000 and this is the "Account and Bills Collection" item and apparently a substantial reason for this is "to pay the salary of the computer programmer, to work exclusively on water and sewer account problems as they relate to information requirements of the new city-county water agreement." He stated this is a difficult increase of 1/3 to justify, especially with the agreement being a losing commitment; there is a "loss leader" here to someone who has no investment in our water system, an outsider. He stated it is inconceivable that the price of a commodity would be raised 40-50 percent at a given time; based upon the revenues in 1968-69 a 40-50 increase would give additional revenues of over $3.0 million; there is no need shown in the budget for this amount of money. He stated they agree with the Weston & Sampson Report on the fire hydrants recommended charge of $50.00. That they do not disagree with the principal that applies to the consulting firm; they disagree with two things - (1) the estimates given to them, and (2) the projections of paying for capital items out of current revenue.

Mr. Baucom stated the present rates can be held because there was no deficit in 1968-69; close analysis reveals there will not be a deficit in 1969-70; the city-county water agreement should be re-negotiated to at least pay the cost of using water, plus a reasonable return on the investment; an effort should be made to effect economies in the budget and see why the increases are being called for; expansion and capital improvements should be paid for out of bond money and under a policy of full reimbursement from the benefitted party; hydrant operations should be a source of income even if this becomes a politically unpopular increase in property taxes against the public generally; if any increase at all is necessary, it should be considered in terms of five and ten percent rather than the 40-50 increase; five percent increase will generate over $300,000 in additional revenue; ten percent would be twice that.
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He stated Mr. Fennell's report shows receipts for the first five months and not billings; there are billings through the end of November and the report does not show how much of the money is in; the report shows a very low interest on investment; it shows other revenues today and does not show interest on investment as $38,000, yet it is projected there will be over $20,000 in interest revenue alone. If we are short of money, what do we do with all the money on deposit earning the interest if we do not have money for capital improvements?

Mr. Baucom stated his client stands ready to pay its fair share of the water cost and they only ask to work with Council and the Community Facilities Commission to arrive at the fair cost; that the increase may be necessary but at this point; they have not been convinced of that.

Mr. Fennell suggested that they read the State Fiscal Control Act before making any snap judgement on the reserves required; the State Law requires the City to fully reserve any uncollected revenues; the same is true of encumbrances; the State Law makes it mandatory that the funds be reserved at that moment even though it will be used in the subsequent fiscal year.

Mr. Jim McDuffey requested that in the studies to be made that the question of exactly what the water-sewer rate is in other cities and the disallowing of master meters for apartment houses be taken under consideration.

Mr. Joe Grier stated his firm represents a number of the largest water and sewer users in Charlotte-Mecklenburg; that all of them are among the 25 largest users of water and sewer facilities in this county. That what is under consideration here is a matter of real financial concern to all of them; some of their bills run as much as $2500-3000 a month. That the increase talked about could add as much as $1500 and it is worse on them in terms of the absolute amount of money involved, but it is not as bad on them as it is the private property owners for at least if they have any profits, they can deduct this as a business expense whereas the people who pay water bills on their homes pay it after the tax dollars.

Mr. Grier stated they have tried to carefully study the Weston Report, the proposal they read in the paper that the Water Department says it was advocating, and the City's budget figures for this year.

He stated the Weston & Sampson Report is well done in terms of the information and assumptions given to the Weston engineers to prepare their report. Unfortunately, it was done on the basis of an estimate for 1968-69 which turned out not to be substantiated by the facts. On Page 2 or 3 of the Weston & Sampson Report, they assume that the deficit of $813,000 for 1968-69 had to be made up in revenues. He presented an exhibit from the city audit that indicates the net operating income from the water-sewer system in 1968-69. On the basis of that audit it shows on a statement a net income after the deduction for interest had been taken of $1,778,000; from the preceding page, he took off $1,400,000 which represented the payment on principal on debt and came back to a profit figure of $278,000 from this statement. He stated one of the assumptions the Weston & Sampson Report made simply did not turn out to be the fact. Actually, the $278,000 that would be taken from this statement would appear to be conservative in terms of profit if you look into the other supporting statements that are also a part of the audit.

There is the matter of $87,000 of capital development that has been expended in the budget which would have to be treated as additional income for purposes of determining the income received in that year. The other assumption that the Weston & Sampson Report made is in the estimates for expenses of operating the Water Department where it shows an estimated annual expenditure of seven hundred, thirty, fifty, or eighty (one of those three figures) and for the sewer department, a substantial figure so that on the exhibits that are a part of the report, it is apparent the engineers assumed that revenues would pay for capital development in each of these years $1,510,000 as that is the two capital development figures included. If you take the $813,000 that did not exist and add that to the $278,000 profit that did show the estimate is off over $1.0 million on
1968-69 operation which were used; and if you take out $1.5 million each year for capital development either on the ground that the city has no more authority to tax present users for the capital developments of a system, and this would double if the city is going to use money to expand out into the county – take those things into account and you see the Weston and Sampson people assume they wanted to generate revenue approximately two and half million more than there appears to be any need for generating that revenue.

Mr. Grier stated if you apply a 50 percent increase on the water rate and a 65 percent increase on the sewer rate, additional revenues would be raised of $3,284,000, or the equivalent of a 33-1/3 cents on the tax rate. If you take the city's proposal publicized in the newspaper and increase the domestic users by 40 percent and the industrial users by 70 percent, it would raise the revenue equivalent to a 23 cent increase in the tax rate.

He stated the suggestion the city has made of raising the domestic users by 40 percent and the industrial users by 65 percent flies in the face of the sound principles which are in the Weston and Sampson Report. That each class of users should pay his allocated part of the cost of supplying water and sewer services to that particular class of users, and because of the economic involved in distributing water in large amounts the price per unit is lower when water is supplied in large amounts than when it is supplied in nominal amounts. That on Page 46 of the Weston Report it is stated that the present rates put into effect in 1961 are in the ratio of 2.5 to one where the cost analysis indicates they should be 2.9 to one so that in 1961 the heavy user was charged more than their proportionate part. If you have to make any increase, which he says should not be done, it should be roughly in proportion to what is now being charged and not 40 as against 70; it should be an adjustment based on the cost.

Mr. Grier stated Table 12 in the Weston and Sampson Report shows the amount of money used for capital development, which indicates there was at least that much profit in those years; if you add to that the approximately quarter of million of dollars for 1968-69 you will see the rates that have been in effect have produced revenues in excess of operating costs and debt service in excess of $4.5 million. Based on that record of audited figures and actual experience, there is no justification for assuming that a system that has made a profit for every year up till now is suddenly going to show the large losses that are predicted.

He stated in the 1968-69 budget there is suggested a proposed deficit of $736,000 and the suggestion was made that water revenues be increased about $400,000 and sewer revenue about $300,000. That if that is all the deficit to be covered, a 40 percent increase is not needed. Last week the City Manager was quoted in the paper as saying that the deficit had been reduced based on current figures by $400,000 so that presumably there is only $325,000 now. That where Mr. Pennell now gets his $570,000, he does not know.

He stated in the 1969-70 budget there are a few items in the budget estimates that would seem to be suspect and would be the cause of a budget having anticipated a deficit when in fact no deficit came about. You increase the assumed debt service from $2,543,000 to $3,251,000 in one year; unless there has been a substantial increase in bonds outstanding that figure is not going to be borne out. He stated before making any final conclusions with respect to the operations for this year, some person should certify to Council what the actual debt service, principal and interest requirements for this year are. To the extent they are less than $3,251,000 there is a figure in the budget that will not sustain. There is another figure in the budget under the heading of cost of distribution which went up from $890,000 to something over $1.0 million; in the program changes for this year, it is stated that $100,000 of this represents the employment of additional crews of people and the expenditures of labor and materials necessary to move water and sewer lines necessitated by relocation or construction of expressways. Mr. Grier stated it seems entirely inappropriate to him to charge the present users of water and sewer facilities with the cost of relocating water and sewer lines necessitated by expressways; that is a proper charge to be made to highways and roads and not to the present users of water and sewer.
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The Weston and Sampson Report recommends a hydrants charge levied against general revenue in the amount of $50.00 per hydrant within the city; the suggestion is that this will produce an additional $160,000 in revenue. He stated he and Councilman Alexander were in Indianapolis a month ago where there is a private water works, and they inquired about the charge the private water works makes to the city per hydrant, and the figure was $70.00 per hydrant; so the figure of $50.00 is not excessive. He stated in the estimates for revenues for 1969-70 there is estimated an increase of only 2 percent whereas before revenues from 1967-68-69 increased roughly 11 percent. He stated the Westinghouse 24-inch line should now be in operation and it was estimated to deliver 567 million gallons which was 5 percent of the total amount of water delivered, and rather than a shrinkage in revenues this would be the year of a substantial increase.

Mr. Grier stated the North Carolina law dealing with the fixing of rates (Section 160-256) says that rates shall be fixed in sufficient amounts to cover the operating expenses, the cost of maintenance and repairs and the cost of debt service, principal and interest. It makes no specific mention to the use of revenue for the purpose of constructing capital facilities. It clearly provides that the revenues are to cover debt service; in other words, it would seem to anticipate the days when development should be done out of bond proceeds. He stated if you issue the bonds, and build the facilities, then the people who are enjoying the new facilities will contribute to the rates and it will not be necessary to raise the rates. If you undertake first to make the people who are now using the facilities pay, the people who are getting the benefit do not contribute at all or if they do, only long after the fact.

He stated whatever the intended purpose of the rate study was made two years ago, since that time water and sewer bonds have been issued to the extent in excess of $11.0 million; in addition, the audit shows that on July 1, 1969 there was an investment account of roughly $1.1 million which he presumes is the result of bonds that were heretofore issued and not yet sold; that he would gather from that there must be available in bond funds at least $12.0 million available for the present capital development. That to him this seems that the wise direct policy is not to undertake to set any rate that will generate any capital revenues.

Mr. Grier stated in 1951 or 1952, the American Society of Civil Engineers and the Municipal Law Section of the American Bar Association appointed joint committees to consider the philosophy of establishing water and sewer rates. Other engineering societies sent representatives; there was a long study and a lengthy report, and it concludes that as a matter of equity too many other non-users of water get some benefit from the water and sewer system to undertake to make the users in terms of their use pay the entire revenue. He stated he thinks it may be too late in the day for anyone to hope for the City of Charlotte in its present debt situation to revert to the old practice of levying a frontage charge or levying an ad valorem tax for purposes of operating the system, but as a matter of benefit occurred, the professionals who looked into it say that is the way it should be done.

Mr. Grier stated some reference has been made to a comparison of rates in other places and in anticipation of this he wrote to the cities in the southeast that are mentioned in a list of questions which are attached to material which he handed to the Council Members; this list includes Greensboro, Raleigh and Winston Salem in North Carolina; it includes the main industrial towns in the southeast. He stated he has the actual rates right those cities and while they are not the ones that have been mentioned he will be glad to make them available for Council to look through. He stated even if they look at the rate schedules themselves and study them carefully, there may be so many differences discoverable and undiscoverable as to make a comparison somewhat unreliable. It seems better to set a rate based on past experience to cover the cost of operations and the debt service you know you will have and let the matter go at that and not go looking around at other places.
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He stated also attached to the material which he gave Council is some
information stated in the way it seems to him that it might be developed
for Council to make the decision on the matter. From his point of view, it
would be helpful to him if that information could be supplied; some of the
information there might refute some of the things he has said but he thinks
Council would find it helpful and certainly he would if someone, the
auditors preferably, would develop for the year from the prior audits
some answers to that request.

Mr. Jimmy Johnson, of Coca Cola Bottling Company, stated as a rather heavy
user of water and one who anticipates that in the near future they intend to
consolidate further operations here in Charlotte which are presently being
conducted in adjacent cities, he has the following two points to make:
(1) when plans are being made in any business predicated upon some study
and prior to the final decision being made the facts come in which show
the studies upon which the recommendation was based were not in fact valid
and you can not use these basic assumptions to the degree they are
projected in the report as valid projections; (2) North Carolina furnished to
this country one of the greatest men in the history insofar as his
role of the grasp of the taking power of government in producing
revenue, the late and great Robert L. Dewton. He made that historic
statement "that you can shear a sheep every year, but you can't skin him
but once." Mr. Johnson stated in his judgement if the City moves forth with
the rates as rumored, he thinks they are beginning to skin the sheep.

A gentlemen in the audience stated other cities use a 90-day water billing
to property owners; Charlotte has a monthly billing; that some economists
could be considered there. That this is about the fourth time he has mentioned
this. That the postage rate is tremendous on the individuals as well as the
City.

Mayor Belk requested Mr. Bobo, Administrative Assistant, to investigate the
90-day billing and bring a report to Council.

Councilman Tuttle stated this is a good point except for the low income man
that a bill for three months might be a burden to him; that this suggestion
might be feasible for business and commercial accounts.

RESOLUTION CALLING FOR A PUBLIC HEARING ON MONDAY, JANUARY 26, 1970 ON
AMENDMENT NO. 3, REDEVELOPMENT PLAN FOR REDEVELOPMENT SECTION NO. 3,
BROOKLYN URBAN RENEWAL AREA, PROJECT NO. W. C. R-37.

Councilman Tuttle moved adoption of the subject resolution calling for a
public hearing on Monday, January 26, 1970. The motion was seconded by
Councilman Whittington, and carried by the following vote:

YEAS: Councilmen Tuttle, Whittington, Jordan, Short, Thower and Withrow.
NAYS: Councilman Alexander.

The resolution is recorded in full in Resolutions Book 6, beginning at
Page 8.

ORDINANCE NO. 482-X ORDERING THE DEMOLITION AND REMOVAL OF THE DWELLING AT
4101 RUTGERS AVENUE PURSUANT TO THE HOUSING CODE OF THE CITY OF CHARLOTTE,
AND ARTICLE 15, CHAPTER 160, OF THE GENERAL STATUTES OF NORTH CAROLINA.

Motion was made by Councilman Jordan to adopt the subject ordinance. The
motion was seconded by Councilman Whittington, and carried unanimously.

The ordinance is recorded in full in Ordinance Book 16, at Page 468.
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Councilman Whittington moved the adoption of the subject ordinance authorizing the transfer of $7,000.00 to Account No. 513, Engineering Street Maintenance, to be used for reconstructing sidewalks and curbs on South Boulevard adjacent to the Dilworth Urban Renewal Area. The motion was seconded by Councilman Tuttle, and carried unanimously.

The ordinance is recorded in full in Ordinance Book 16, at Page 469.

AMENDMENT TO LEASE WITH AIRPORT AUTO SERVICE INCREASING THE SIZE OF THE LONG TERM PARKING LOT AT DOUGLAS MUNICIPAL AIRPORT.

Upon motion of Councilman Thrower, seconded by Councilman Alexander, and unanimously carried, the subject amendment to lease was approved authorizing the increase in size of the Long Term Parking Lot by 1.34 acres which will accommodate 150 additional parking spaces.

RIGHT OF WAY AGREEMENT WITH MECKLENBURG COUNTY PERMITTING COUNTY TO CONSTRUCT A PORTION OF AN 8-INCH WATER LINE ON CITY OF CHARLOTTE'S PROPERTY.

Councilman Tuttle moved approval of the subject right of way agreement permitting Mecklenburg County to construct a portion of an 8-inch water line on the City of Charlotte's property on Harlee Avenue a distance of 77 feet to serve Old Town Road. The motion was seconded by Councilman Short, and carried unanimously.

PROPERTY TRANSACTIONS AUTHORIZED.

Motion was made by Councilman Jordan, seconded by Councilman Whittington, and unanimously carried, approving the following property transactions:

(a) Acquisition of 10' x 113.58' of easement at 2214 Blanton Street, from Isabell Thompson and husband, Frances Thompson Withers and husband and Odessa T. Quinn, single, at $113.00, for North-South Expressway sanitary sewer relocation.

(b) Compromise settlement with Sarah Keesler Thompson, et al, at $6,500.00, for 112' x 10' x 73' x 76' x 82' x 25' x 89' of property at 604-24 North Myers Street and 800-28 East Tenth Street for the Northwest Freeway.

CONTRACT WITH B. BREVARD BROOKSHIRE FOR APPRAISAL OF LAND FOR ALLEGHANY STREET WIDENING PROJECT.

Councilman Whittington moved approval of the subject contract at a fee of $200.00 for appraisal of one parcel of land. The motion was seconded by Councilman Thrower, and carried unanimously.

CONSTRUCTION OF SANITARY SEWER TRUNK.

Motion was made by Councilman Whittington approving the construction of 370 linear feet of 8-inch sanitary sewer trunk to serve University Commercial Center, inside the city, at the request of William Trotter Development Company, at an estimated cost of $2,400.00, with all cost of construction to be borne by the applicant whose deposit in the full amount has been received and will be refunded as per terms of the agreement. The motion was seconded by Councilman Jordan, and carried unanimously.
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TRANSFER OF CEMETERY LOTS.

Motion was made by Councilman Tuttle, seconded by Councilman Short, and unanimously carried, authorizing the Mayor and City Clerk to execute deeds for the transfer of the following cemetery lots:

(a) Deed with W. K. and Edna A. Scott, for Lot No. 83, Section 3, Evergreen Cemetery, transferred from Herbert F. Alexander and wife, Sadie G. Alexander, at $3.00, for transfer deed.

(b) Deed with Mrs. Dorothy McA. Wright for Grave No. 1, in Lot No. 172, Section 5, Oaklawn Cemetery, transferred from Frank Busby, Jr. and wife, Kay Busby, at $3.00 for transfer deed.

(c) Deed with Henry I. Austin and wife, for Graves No. 2, 3, 4, 5 and 6, in Lot No. 172, Section 5, Oaklawn Cemetery, transferred from Frank Busby, Jr. and wife, at $3.00, for transfer deed.

SPECIAL OFFICER PERMIT AUTHORIZED.

Councilman Jordan moved approval of the issuance of a special officer permit for a period of one year to Mr. Burley Lee Carrette, for use on the premises of the Northwood Park Subdivision. The motion was seconded by Councilman Thower and carried unanimously.

CHANGE ORDERS IN CONTRACTS FOR LAW ENFORCEMENT CENTER, AUTHORIZED.

Upon motion of Councilman Whittington, seconded by Councilman Alexander, and unanimously carried, the following change orders in contracts for the Law Enforcement Center, adding a total of $429.00 to the cost of the project were authorized:

(a) Change Order No. G-6 in contract with Juno Construction Company  
(b) Change Order No. E-5 in contract with The Industrial Electric Company.

CONTRACT AWARDED VULCAN SIGNS AND STAMPINGS, INC. FOR U-POSTS.

Councilman Jordan moved award of contract to the low bidder, Vulcan Signs and Stampings, Inc., in the amount of $4,470.00, on a unit price basis, for 1,500 steel U-posts. The motion was seconded by Councilman Thower, and carried unanimously.

The following bids were received:

- Vulcan Signs & Stampings, Inc. $4,470.00
- Brighton Steel Co., Inc. 4,529.25
- Hall Signs, Inc. 4,680.00
- Southeastern Safety Supplies, Inc. 4,770.00.

CONTRACT AWARDED VULCAN SIGNS AND STAMPINGS, INC. FOR SHEETS OF ALUMINUM.

Motion was made by Councilman Alexander, seconded by Councilman Short, and unanimously carried, awarding contract to the low bidder, Vulcan Signs and Stampings, Inc., in the amount of $5,620.00, on a unit price basis, for 430 sheets of aluminum.

The following bids were received:

- Vulcan Sign & Stampings, Inc. $5,620.00
- Municipal Street Sign Co. 6,101.70
- Joseph T. Ryerson 6,966.97
- Aluminum Co. of America 7,066.21
- D. R. Smith & Assoc. 7,131.76
- Southeastern Safety Supplies 7,215.40.
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CONTRACT AWARDED MINNESOTA MINING AND MFG. COMPANY FOR REFLECTIVE SCOTCHLITE MATERIAL.

Upon motion of Councilman Jordan, seconded by Councilman Thrower, and unanimously carried, contract was awarded the only bidder, Minnesota Mining and Mfg. Company, in the amount of $11,620.35, on a unit price basis, for 31 rolls of reflective scotchlit e material.

RESOLUTION AMENDING THE PAY PLAN OF THE CITY OF CHARLOTTE.

Councilman Tuttle moved adoption of the subject resolution amending the pay plan of the City of Charlotte deleting Class No. 345, Personnel Technician and adding the following classes:

- Class No. 370, Personnel Technician II, Salary Range No. 35.
- Class No. 371, Personnel Technician I, Salary Range No. 30.
- Class No. 372, Personnel Assistant, Salary Range No. 23.

The motion was seconded by Councilman Thrower, and carried unanimously.

The resolution is recorded in full in Resolutions Book 6, at Page 11.

NAMES OF J. CARLTON FLEMING AND E. L. VINSON PLACED IN NOMINATION FOR APPOINTMENT TO THE MODEL NEIGHBORHOOD COMMISSION.

Councilman Tuttle placed in nomination the names of Mr. J. Carlton Fleming and Mr. E. L. Vinson for a term of one year on the Model Neighborhood Commission with the nominations to remain open for one week.

REPORT ON CHARGE FOR PARKING AT AIRPORT TO BE MADE TO COUNCIL.

Councilman Withrow stated he has received a number of calls from people about the parking at the Airport. That these people park at the Airport and are gone for a week and come back to a $11, $12 or $15 bill. He requested that this be looked into and report back to Council.

Councilman Whittington stated a Mr. Harris wrote a letter concerning the parking at the Airport and the City Manager's Staff has looked through all the directories to get his address to reply to his letter and explain to him how the City is trying to improve the situation, but no one can find out where he lives. Councilman Tuttle stated that Mr. Knight, Airport Manager, has been in contact with Mr. Harris.

CONTRACT BETWEEN CITY AND COUNTY ESTABLISHING NARCOTIC BUREAU APPROVED IN PRINCIPAL.

Councilman Thrower stated this morning the County Commissioners passed an Agreement between the City and County to establish a Narcotics Bureau that will have the authority to operate within the city and county; this also includes a member of the SBI.

Councilman Thrower moved approval of this agreement in principal by the City. The motion was seconded by Councilman Jordan.

Councilman Whittington asked if there are any cost figures on this? Councilman Thrower replied this is the same type of agreement the city has with the county on the Crime Lab, Youth Bureau, and Intelligence Division. Councilman Whittington stated he is not opposed to this but he thinks some figures should be available to prevent a problem budget-wise; that he would rather a cost figure be put on it before Council votes on it.

The vote was taken on the motion and carried unanimously.
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REQUEST THAT MEETING BE SET UP WITH POLICE DEPARTMENT FOR PURPOSES OF DISCUSSING CRIME IN THE CITY.

Councilman Alexander stated with the incidents of crime in Charlotte as great as it is he feels Council should have some in-depth discussions with the Charlotte Police Department as to what they feel the city's position is regarding crime and some objective thinking on what the city needs to do that is not being done at present and to try to resolve some of these problems. That we may need to have some strong discussions about this prior to budget time to get ideas. He requested that in the immediate future consideration be given for this type of conference.

Mayor Belk requested Mr. Bobo, Administrative Assistant, to line up this meeting.

Later in the meeting, Councilman Whittington asked if Mr. Alexander is suggesting that a meeting be set up right away on this problem of crime? Councilman Alexander replied he is, and he thinks we should have some type of report coming from the Police Department on crime as it exists in the city and should have an in-depth study as to whether we are doing all we can from an official point and establish whatever is necessary to attempt to curb crime.

Councilman Whittington stated he concurs in this request; that this meeting should be called and called immediately and all the attention that needs to be given it by this Body and by our local Police - City, County and State should be done. He stated he had a personal involvement with the family of Mr and Mrs Johnson who were killed last week; that not just the neighborhood but the entire community was shocked almost to disbelief as to what had taken place in this community. He stated it was reported on the radio that there were 38 armed robberies during the month of December, and one was after this double murder. He stated we all must concern ourselves with it and do whatever is necessary to see that this does not happen again.

Councilman Tuttle stated if it is feasible and the cost is right, he likes the suggestion of Chief Goodman that we might consider allowing the Police Officers to use the police cars for personal use; that this would help in the reduction of crime to have all these police cars around. Councilman Whittington stated the paper reported there has been no crime in that neighborhood since the exhaustive search for these people has been going on. Councilman Tuttle stated that is the reason he thinks this is well worth going into.

Councilman Thrower stated this alleged person the police are looking for is a known addict and they know he cannot leave this area because he cannot feed his habit and that is why they think it is very necessary to get the narcotics squad into operation as fast as possible.

Councilman Jordan stated he thinks Chief Goodman's report was excellent and the public received it very well and would like to have more reports such as this. He stated he has talked with some of the Chiefs in the Department about the old situation where the policeman walked the beat and the people knew him and he knew most everyone in his section. That in those days this seemed to stop a lot of crime; that we do not have enough of our policemen - we just do not have enough policemen. That in the future when we can afford the additional personnel he would like to have more of these men walking a beat with their billy sticks; that it creates a better image.
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DISCUSSION OF LANDFILL FIRE AND CLOSING DURING HOLIDAY PERIOD.

Councilman Alexander asked the status of the landfill fire? Mr. Bobo, Administrative Assistant, replied it is still burning; that landfill fires are very difficult to put out; they think it is out and then it breaks out again at a later date; at the moment it is under control.

Councilman Alexander stated he is concerned about all the activity that goes on around the landfill; he asked if any consideration is being given that; would it not be an improvement if some of this was stopped and cleared out and not have all this activity around the landfill? Mr. Bobo stated this landfill will be phased out shortly as it is pretty well filled up.

Councilman Alexander stated the City should contact the County Pollution Department and some resolve be made about this; that it does not make much sense for the County Pollution Department to be investigating a situation that everyone knows is existing; that if it cannot be resolved at the top level, he cannot understand why field forces are out trying to resolve a situation that should be resolved at the top level and he suggests that contractor be made and the responsibility taken off of anyone other than the heads who can work this out between the city and county.

Councilman Jordan stated during the holidays he had some calls from people who had gone to the landfill to take their garbage and the landfill was closed; and they say that a lot of people were just dumping it anywhere near the landfill. Councilman Jordan asked if it is the usual practice to close the landfill? Mr. Bobo replied he is not aware that they close and he will check into it and find out why there were closed.

Councilman Alexander asked how these fires are put out in other locations? Councilman Thrower stated he thinks the city can get some Federal Aid from the Forestry Department who are experts in putting out this type of fire.

Councilman Alexander requested that the City try everything possible to see if this fire can be put out.

NEWS MEDIA REQUESTED TO PUBLICIZE THE ORDINANCE AGAINST DEFACING SIGNS.

Councilman Tuttle stated he received a call from a man who said that on Murrayhill Road in the Wedgewood Section, particularly around Pinewood School, that children were constantly spraying the signs and changing the wording and the house on the speed limits. That they say as soon as someone calls the City the sign is promptly replaced. That the man asked if there is not an ordinance against this type of thing; that he seems to feel that parents of these children may know about this but do not realize the seriousness of it. Councilman Tuttle asked the news media to get the ordinance regulating this from the City Attorney and publicize it in some way.

Councilman Jordan stated he has some friends who live outside the city and the neighborhood has gone in together and bought the same signs used in the city and they have been torn down and stolen two or three times. He stated he does not think the children realize what they are actually doing; but it is quite an expense.

Mr. Watts, Assistant City Attorney, advised that defacing such a sign would be a misdemeanor and the penalty is $50 fine or 30 days in jail.
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LETTER FROM DR. KAMP ON PROGRESS BEING MADE IN CLEARING STREAMS REQUESTED MADE AVAILABLE TO NEWS MEDIA.

Councilman Whittington stated on December 22 Council received a letter from Dr. Kamp on the progress they have had in the Stream Pollution Program. He stated he hopes this information will be given to the news media as there are a lot of people concerned with this.

PUBLIC SERVICE AND INFORMATION OFFICE COMMENDED ON PAMPHLETS BEING SENT OUT.

Councilman Jordan stated he would like to commend Mr. E. J. Woodward, Director of Public Service and Information, and his office on the pamphlets being sent out with the water bills; that it gives a lot of information and contains a lot of things that people like to see and know; that this is one way of getting the information to the people. He stated this department is doing a beautiful job and he hopes they will continue to do so.

COUNCIL REMINDED OF ZONING HEARINGS SCHEDULED FOR MONDAY NIGHT, JANUARY 12, AT UNIVERSITY OF NORTH CAROLINA AT CHARLOTTE.

Mr. Bobo, Administrative Assistant, reminded Council that a combined meeting is scheduled for zoning hearings on next Monday night, January 12, at the University of North Carolina at Charlotte.

ADJOURNMENT.

There being no other business before the Council, the meeting was adjourned.

Ruth Armstrong, City Clerk